

Governor McCallum Listening Session
3:00 P.m. Wednesday, August 21, 2002
Rothwell Student Center, UWS

Written Testimony of:
Terry R. Jacobson
CEO, St. Mary's Hospital of Superior

We want to thank Governor McCallum and his staff for focusing on healthcare issues, and coming to Northwestern Wisconsin to hear from his constituents. We wholeheartedly support your initiative to ask and share health information with employees and consumers, as we feel that informed buyers of healthcare services will be better buyers.

There are however, some fundamental "drivers" in the healthcare arena that every Wisconsin consumer should know about. Most Wisconsin consumers are unaware of funding inequities in the Medicare and Medicaid programs. Wisconsin Hospitals are paid 11% less than their costs from Medicare, and we rank 45th nationally in the percent of costs paid for providing service to Medicare beneficiaries. On the Medicaid side, we find similar shortfalls. We thank the Governor for his stance on basic "safety net" issues, preventing further deterioration of the Medicaid program in Wisconsin. St. Mary's Hospital of Superior does enjoy some additional Medicaid relief through disproportionate share adjustments as well.

The "bottom line" for St. Mary's Hospital of Superior is that 4 of out 5 patients who seek service at our facility are covered by programs that pay less than cost. It is too much to ask every fifth patient to carry the load for the other four. This is the fundamental reason for cost increases to private payors.

Despite these inequities, St. Mary's Hospital of Superior remains committed to our patients and their families. For the past 3 years, we have sustained negative operating margins. During the fiscal year just ended, we provided nearly \$500,000 in free care to patients. This is in addition to the huge discounts given to Medicare and Medicaid patients.

We thank the Governor and his staff for listening to our concerns. While many of these issues have been raised in other parts of the State, the effect felt in Northwestern Wisconsin is felt to a greater extent due to our economic disadvantage. Please recognize this as you work with us towards solutions to these problems.

Thank you.